
AGENCY OVERVIEW

226 STATE LAND DEPARTMENT

Date: 12/22/2004

Time: 14:24:48

STATUTORY AUTHORITY

North Dakota Constitution Article IX, North Dakota Century Code Chapters 15-01 through 15-09, 38.09, 38.11, 47-30.1, Sections 57-62-03 through 57-62-06 and 63-01-1.

AGENCY DESCRIPTION

The primary function of the Board of University and School Lands and the Land Department is to generate income for distribution to local school districts and other institutions in North Dakota. This income is generated through management of trust assets, consisting of over 714,000 surface acres, over 2.5 million mineral acres and over \$700 million in investment assets. Revenues from all sources are deposited in permanent trust funds and are invested in the Farm Loan Pool administered by the Bank of North Dakota, US Treasury notes and bonds, and corporate bonds and stocks. The income from these investments, together with surface and mineral rentals, is distributed to schools and other public institutions at specified intervals throughout the biennium. The Land Department is the trustee for the Lands and Minerals Trust Fund. This trust fund consists of 660,000 mineral acres formerly managed by the Bank of North Dakota, and minerals located under navigable streams, rivers, and lakes, which are owned by North Dakota. The Land Department also administers the Unclaimed Property Act. This property is held in trust for the owner forever, and the income it produces is distributed to public grades K-12.

The Energy Development Impact Office (EDIO) reduces the fiscal impact of oil exploration, development and production for those local subdivisions in whose jurisdiction the activity occurs through the targeted application of grant funds appropriated by the State Legislature. The goal of the program is to pick up costs that exceed the normal costs for the government units.

AGENCY MISSION

The State Land Department, under the direction of the Board of University and School Lands, is to serve as trustee to manage land, minerals and money, so that distributable income is maximized for trust beneficiaries. The Energy Development Impact Office is to ensure that local political subdivisions hosting energy activity are not asked to bear a disproportionate share of the costs associated with that activity.

AGENCY PERFORMANCE MEASURES

Performance within the Land Dept. is measured by the ability of assets to earn current distributable income while their ability to earn future income is either preserved or enhanced.

The EDIO is to conduct an annual grant round in a cost effective manner so that deserving subdivisions or governments receive funding to help satisfy their needs while taking into consideration the individual needs of each subdivision and available money.

MAJOR ACCOMPLISHMENTS

Funded several new asset class investments.

Increased distributions to the common schools for the next biennium.

Continued to experience a high success ratio for grazing leases under the public lease auction program, advanced the effective use of flea beetles for the biological control of leafy spurge and managed a range improvement program to improve the condition of school trust lands.

Met increased interest in oil and gas leasing activity by implementing automated mineral database and auction process.

Distributed EDIO grants to address needs of local subdivisions impacted by oil development.

FUTURE CRITICAL ISSUES

None

REQUEST SUMMARY**226 STATE LAND DEPARTMENT****Biennium: 2005-2007****Bill#: SB2013****Date: 12/22/2004****Time: 14:24:48**

Description	Expenditures 2001-2003 Biennium	Present Budget 2003-2005	Budget Request Change	Requested Budget 2005-2007 Biennium	Optional Budget Request
BY MAJOR PROGRAM					
LAND DEPARTMENT	7,177,748	7,573,834	21,244	7,595,078	91,192
TOTAL MAJOR PROGRAMS	7,177,748	7,573,834	21,244	7,595,078	91,192
BY LINE ITEM					
SALARIES AND WAGES	1,697,789	1,876,162	122,116	1,998,278	91,192
OPERATING EXPENSES	591,859	753,222	-104,522	648,700	0
CAPITAL ASSETS	0	6,350	3,650	10,000	0
CONTINGENCY	0	50,000	0	50,000	0
ENERGY DEVELOPMENT IMPACT	4,888,100	4,888,100	0	4,888,100	0
TOTAL LINE ITEMS	7,177,748	7,573,834	21,244	7,595,078	91,192
BY FUNDING SOURCE					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	7,177,748	7,573,834	21,244	7,595,078	91,192
TOTAL FUNDING SOURCE	7,177,748	7,573,834	21,244	7,595,078	91,192
TOTAL FTE	18.50	17.75	.00	17.75	1.00

REQUEST DETAIL

226 STATE LAND DEPARTMENT
Biennium: 2005-2007

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Description	Expenditures 2001-2003 Biennium	Present Budget 2003-2005	Budget Request Change	Requested Budget 2005-2007 Biennium	Optional Budget Request
SALARIES AND WAGES					
SALARIES	1,302,993	1,374,495	106,965	1,481,460	67,200
TEMP, OVERTIME	6,826	49,450	-4,450	45,000	0
BENEFITS	387,970	452,217	19,601	471,818	23,992
SALARY INCREASE	0	0	0	0	0
BENEFIT INCREASE	0	0	0	0	0
TOTAL	1,697,789	1,876,162	122,116	1,998,278	91,192
SALARIES AND WAGES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	1,697,789	1,876,162	122,116	1,998,278	91,192
TOTAL	1,697,789	1,876,162	122,116	1,998,278	91,192
OPERATING EXPENSES					
IT-DATA PROCESSING	31,950	44,448	-12,666	31,782	0
IT-TELEPHONE	22,172	30,230	-1,430	28,800	0
TRAVEL	92,718	115,535	5,777	121,312	0
IT-SOFTWARE/SUPPLIES	5,167	100,300	-95,300	5,000	0
POSTAGE	21,167	33,242	1,662	34,904	0
IT-CONTRACTUAL SERVICES	3,500	17,145	0	17,145	0
LEASE/RENT - EQUIPMENT	6,237	8,000	0	8,000	0
LEASE/RENT - BLDG/LAND	82,575	104,140	0	104,140	0
DUES & PROFESSIONAL DEV.	20,413	19,399	970	20,369	0
OPERATING FEES & SERVICES	154,904	165,081	-1,368	163,713	0
REPAIRS	5,041	1,300	0	1,300	0
PROFESSIONAL SERVICES	49,019	50,733	3,504	54,237	0
INSURANCE	5,019	7,108	0	7,108	0
OFFICE SUPPLIES	8,561	11,610	581	12,191	0
PRINTING	7,362	11,969	598	12,567	0
PROFESSIONAL SUPPLIES	9,263	7,279	0	7,279	0
FOOD & CLOTHING	138	100	0	100	0
BLDG,GRNDS,VEHICLE MTCE	25,374	0	0	0	0
MISCELLANEOUS SUPPLIES	1,444	703	0	703	0
OFFICE EQUIP-UNDER \$5000	6,433	1,250	0	1,250	0
OTHER EQUIP-UNDER \$5000	1,455	0	0	0	0
IT-EQUIP UNDER \$5000	31,947	23,650	-6,850	16,800	0
LAND & BUILDINGS	0	0	0	0	0
TOTAL	591,859	753,222	-104,522	648,700	0

REQUEST DETAIL

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Description	Expenditures 2001-2003 Biennium	Present Budget 2003-2005	Budget Request Change	Requested Budget 2005-2007 Biennium	Optional Budget Request
OPERATING EXPENSES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	591,859	753,222	-104,522	648,700	0
TOTAL	591,859	753,222	-104,522	648,700	0
CAPITAL ASSETS					
EQUIP- OVER \$5000	0	6,350	3,650	10,000	0
TOTAL	0	6,350	3,650	10,000	0
CAPITAL ASSETS					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	6,350	3,650	10,000	0
TOTAL	0	6,350	3,650	10,000	0
OTHER GRANTS					
TOTAL	0	0	0	0	0
SPECIAL LINES					
CONTINGENCY	0	50,000	0	50,000	0
ENERGY DEVELOPMENT IMPACT	4,888,100	4,888,100	0	4,888,100	0
TOTAL	4,888,100	4,938,100	0	4,938,100	0
SPECIAL LINES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	4,888,100	4,938,100	0	4,938,100	0
TOTAL	4,888,100	4,938,100	0	4,938,100	0
FUNDING SOURCES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	7,177,748	7,573,834	21,244	7,595,078	91,192
TOTAL FUNDING SOURCES	7,177,748	7,573,834	21,244	7,595,078	91,192

CHANGE PACKAGE SUMMARY**226 STATE LAND DEPARTMENT****Biennium: 2005-2007****Bill#: SB2013****Date: 12/22/2004****Time: 14:24:48**

Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds
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AGENCY BUDGET CHANGES

Cost To Continue	.00	0	0	89,678	89,678
01 Equipment for rangeland management	.00	0	0	10,000	10,000
02 Changes in operating costs	.00	0	0	-78,434	-78,434
Agency Total	.00	0	0	21,244	21,244

OPTIONAL REQUEST

01 Optional Auditor II Position	1.00	0	0	91,192	91,192
Optional Total	1.00	0	0	91,192	91,192

BUDGET CHANGES NARRATIVE

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Change Group: A	Change Type: A	Change No: 1	Priority: 1
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Equipment for rangeland management - Potential purchase.

Potential equipment purchases related to the management of rangeland assets under the control of the Board of University and School Lands.

Change Group: A	Change Type: A	Change No: 2	Priority: 1
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Changes in operating costs - This change reflects overall increases and decreases in the various types of operating expenses.

Changes in operating costs reflect higher costs and additional costs for services.

Change Group: O	Change Type: A	Change No: 1	Priority: 1
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Optional Auditor II Position - The purpose of this position is to validate oil and gas royalty payments and enhance compliance with the uniform unclaimed property act.

OPTIONAL AUDITOR II POSITION

Attempts were made during the 1990s to develop an audit program for royalties and unclaimed property. Those efforts resulted in some progress, but employee attrition has mostly stalled this progress and those positions have either been reclassified or eliminated. The Department is presently reviewing royalty records that are ten years old, and very little work has been done in the unclaimed property audit area since September 2000.

As records are purged, accounting systems change, and companies are bought out, compliance opportunities are lost. In addition, for unclaimed property a statute of limitations for requesting records is the current and previous seven fiscal years. If a renewed effort is not made the chance for owners to ever claim misplaced funds will diminish considerably or will be lost forever.

Although the request is for an "auditor position" the intention is for this position to involve more education efforts as the primary focus and audit work as secondary.